

*TOWN OF ROCKPORT, MAINE*

*FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES*

*FOR THE FISCAL YEAR  
ENDED JUNE 30, 2009*

***INDEPENDENT AUDITOR'S REPORT***

January 12, 2010

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, 2009, 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, 2009, 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, 2009**

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, 2009. 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, 2009 by \$14,251,064 (presented as “net assets”). Of this amount, \$2,945,876 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 \$224,911 (a 1.60% increase) for the fiscal year ended June 30, 2009. Net assets of governmental activities increased by \$284,792 (a 3.60% increase), while net assets of business-type activities showed a decrease of \$59,881 (a 1.13% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2009, the Town's governmental funds reported a combined ending fund balance of \$3,185,160 with \$1,576,300 being general undesignated fund balance. This undesignated fund balance represents approximately 12.79% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's total long-term debt obligations decreased by \$156,850 (25.11%) 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**

72.09% 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 2009</i>	<i>Total 2008</i>
Current Assets	3,722,297	618,833	4,341,130	4,344,289
Capital Assets	6,194,313	5,759,271	11,953,584	12,026,185
<b>Total Assets</b>	<b>9,916,610</b>	<b>6,378,104</b>	<b>16,294,714</b>	<b>16,370,474</b>
Current Liabilities	500,588	239,788	740,376	720,854
Other Liabilities	393,274	910,000	1,303,274	1,623,467
<b>Total Liabilities</b>	<b>893,862</b>	<b>1,149,788</b>	<b>2,043,650</b>	<b>2,344,321</b>
<b>Net Assets:</b>				
Invested in Capital Assets	5,618,879	4,654,271	10,273,150	9,993,662
Restricted	820,333	211,705	1,032,038	824,090
Unrestricted	2,583,536	362,340	2,945,876	3,208,401
<b>Total Net Assets</b>	<b>9,022,748</b>	<b>5,228,316</b>	<b>14,251,064</b>	<b>14,026,153</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>9,916,610</b>	<b>6,378,104</b>	<b>16,294,714</b>	<b>16,370,474</b>

**Changes in Net Assets**

Approximately 88.49 percent of the Town's total revenue came from property and excise taxes, approximately 3.49 percent came from State subsidies and grants, and approximately 8.02 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$464,045 of the total expenses for the fiscal year.

	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2009</b>	<b>Total 2008</b>
<b>Revenues:</b>				
Taxes	11,630,595		11,630,595	11,286,380
Program Revenues		735,974	735,974	757,058
Intergovernmental Revenues	458,405		458,405	366,892
Investment Income	37,094	(7,915)	29,179	130,520
Other Local Sources	190,937	97,828	288,765	455,675
Transfers	37,006	(37,006)	-	-
<b>Total</b>	<b>12,354,037</b>	<b>788,881</b>	<b>13,142,918</b>	<b>12,996,525</b>
<b>Expenses:</b>				
General Government	891,738		891,738	1,434,999
Public Safety	858,615		858,615	801,764
Public Works	1,202,730		1,202,730	1,197,395
Health and Social Services	18,582		18,582	15,965
Leisure Time Services	571,491		571,491	282,457
Unclassified	25,025		25,025	256
Assessments	8,501,064		8,501,064	8,192,490
Sewer System		848,762	848,762	849,364
<b>Total</b>	<b>12,069,245</b>	<b>848,762</b>	<b>12,918,007</b>	<b>12,774,690</b>
<b>Changes in Net Assets</b>	<b>284,792</b>	<b>(59,881)</b>	<b>224,911</b>	<b>221,835</b>

**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 \$3,185,160, a decrease of \$224,065 in comparison with the prior year. Approximately 67.20 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 \$17,473,110, net of accumulated depreciation of \$5,519,526 leaving a net book value of \$11,953,584. Current year additions include \$5,221 for a server, \$86,461 for a public works truck with equipment, \$208,500 for an upgraded loader, \$22,823 for a police cruiser and \$167,124 for paving. Current year deletions include a 2001 and 2007 loader.

**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, 2009**

*Exhibit A*

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,050,023	331,593	2,381,616
Investments	908,459	96,565	1,005,024
Receivables			
Taxes	674,881		674,881
Tax Liens	71,390		71,390
Accounts	2,005	190,675	192,680
Due from Other Governments	15,539		15,539
Capital Assets:			
Land and Art Work	2,604,186		2,604,186
Other Capital Assets, Net of Depreciation	3,590,127	5,759,271	9,349,398
<b>Total Assets</b>	<b>9,916,610</b>	<b>6,378,104</b>	<b>16,294,714</b>
 <i>Liabilities and Net Assets</i>			
Liabilities			
Accounts Payable	880	21,520	22,400
Payroll Taxes/Deductions	8,098		8,098
Due to Other Governments	17,723		17,723
Accrued Salaries Payable	40,827		40,827
Accrued Interest Payable		13,922	13,922
Deferred Revenue			
Other	37,400	9,346	46,746
Prepaid Taxes	7,091		7,091
Escrow and Security Deposits	9,155		9,155
Compensated Absences Payable	197,254		197,254
Long-term Liabilities:			
Due Within One Year	182,160	195,000	377,160
Due in More Than One Year	393,274	910,000	1,303,274
<b>Total Liabilities</b>	<b>893,862</b>	<b>1,149,788</b>	<b>2,043,650</b>
Net Assets			
Investment in Capital Assets, net of Related Debt	5,618,879	4,654,271	10,273,150
Restricted Net Assets	820,333	211,705	1,032,038
Unrestricted	2,583,536	362,340	2,945,876
<b>Total Net Assets</b>	<b>9,022,748</b>	<b>5,228,316</b>	<b>14,251,064</b>
<b>Total Liabilities and Net Assets</b>	<b>9,916,610</b>	<b>6,378,104</b>	<b>16,294,714</b>

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

**TOWN OF ROCKPORT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit B*

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	891,738	192,716		(699,022)		(699,022)
Public Safety	858,615	4,795		(853,820)		(853,820)
Public Works	1,202,730	8,565	58,670	(1,135,495)		(1,135,495)
Health and Social Services	18,582			(18,582)		(18,582)
Leisure Time Services	571,491	77,518		(493,973)		(493,973)
Unclassified	25,025			(25,025)		(25,025)
Assessments	8,501,064			(8,501,064)		(8,501,064)
<u>Total Governmental Activities</u>	<u>12,069,245</u>	<u>283,594</u>	<u>58,670</u>	<u>(11,726,981)</u>		<u>(11,726,981)</u>
<u>Business-type Activities</u>						
Wastewater Enterprise	848,762	735,974	96,318		(16,470)	(16,470)
<u>Total Business-type Activities</u>	<u>848,762</u>	<u>735,974</u>	<u>96,318</u>		<u>(16,470)</u>	<u>(16,470)</u>
<u>Total Primary Government</u>	<u>12,918,007</u>	<u>1,019,568</u>	<u>154,988</u>	<u>(11,726,981)</u>	<u>(16,470)</u>	<u>(11,743,451)</u>
<u>General Revenues:</u>						
Taxes						
Property				10,926,722		10,926,722
Auto Excise				633,902		633,902
Boat Excise				13,301		13,301
Intergovernmental Revenues				399,735		399,735
Other Local Sources				1,107	(6,405)	(5,298)
Transfer to Enterprise Fund				37,006	(37,006)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>12,011,773</u>	<u>(43,411)</u>	<u>11,968,362</u>
<u>Changes in Net Assets</u>						
<u>Net Assets - Beginning</u>				<u>8,737,956</u>	<u>5,288,197</u>	<u>14,026,153</u>
<u>Net Assets - Ending</u>				<u>9,022,748</u>	<u>5,228,316</u>	<u>14,251,064</u>

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

**TOWN OF ROCKPORT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

*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	1,782,924	82,464	184,635	2,050,023
Investments		465,097	443,362	908,459
Receivables				
Taxes	674,881			674,881
Tax Liens	71,390			71,390
Accounts	2,005			2,005
Due from Other Governments	15,539			15,539
Due from Other Funds	7,950		391,216	399,166
<b>Total Assets</b>	<b>2,554,689</b>	<b>547,561</b>	<b>1,019,213</b>	<b>4,121,463</b>
 <i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	880			880
Due to Other Governments	17,723			17,723
Payroll Taxes/Deductions	8,098			8,098
Accrued Salaries Payable	40,827			40,827
Deferred Revenue				
Property Tax	252,321			252,321
Other	37,400			37,400
Prepaid Taxes	7,091			7,091
Due to Other Funds	554,858		7,950	562,808
Escrow and Security Deposits	9,155			9,155
<b>Total Liabilities</b>	<b>928,353</b>		<b>7,950</b>	<b>936,303</b>
 <i>Fund Balances</i>				
Reserved For:				
Encumbrances	50,036			50,036
Endowments		288,262	368,429	656,691
Unreserved	1,576,300	259,299	304,979	2,140,578
Unreserved, Reported in Nonmajor Special Revenue Funds			337,855	337,855
<b>Total Fund Balances</b>	<b>1,626,336</b>	<b>547,561</b>	<b>1,011,263</b>	<b>3,185,160</b>
<b>Total Liabilities and Fund Balances</b>	<b>2,554,689</b>	<b>547,561</b>	<b>1,019,213</b>	<b>4,121,463</b>

(Continued)

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

**TOWN OF ROCKPORT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

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

Total Fund Balance	3,185,160
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,073,594	<u>6,194,313</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Taxes	<u>252,321</u>
	<u>252,321</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(467,800)
Accrued Compensated Absences	(197,254)
Capital Leases Payable	(107,634)
Transfer to Enterprise Fund	163,642
	<u>(609,046)</u>
Net Assets of Governmental Activities	<u><u>9,022,748</u></u>

**TOWN OF ROCKPORT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*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	11,474,752			11,474,752
Intergovernmental Revenues	153,826		304,579	458,405
Departmental Revenues	174,874			174,874
Other Local Sources	166,491	(108,541)	(4,793)	53,157
<b>Total Revenues</b>	<b>11,969,943</b>	<b>(108,541)</b>	<b>299,786</b>	<b>12,161,188</b>
Expenditures				
General Government	875,491		8,029	883,520
Public Safety	825,702		-	825,702
Public Works	1,490,106		25,134	1,515,240
Health and Social Services	17,028		1,554	18,582
Leisure Time Services	434,008	4,817	106,906	545,731
Unclassified	181,875			181,875
Assessments	8,501,064			8,501,064
<b>Total Expenditures</b>	<b>12,325,274</b>	<b>4,817</b>	<b>141,623</b>	<b>12,471,714</b>
Excess of Revenues Over (Under) Expenditures	(355,331)	(113,358)	158,163	(310,526)
Other Financing Sources (Uses)				
Lease Proceeds	86,461			86,461
Transfers from Other Funds	314,770	-	140,106	454,876
Transfers to Other Funds	(102,566)	(29,880)	(322,430)	(454,876)
<b>Total Other Financing Sources (Uses)</b>	<b>298,665</b>	<b>(29,880)</b>	<b>(182,324)</b>	<b>86,461</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(56,666)	(143,238)	(24,161)	(224,065)
Fund Balance - July 1	1,683,002	690,799	1,035,424	3,409,225
<b>Fund Balance - June 30</b>	<b>1,626,336</b>	<b>547,561</b>	<b>1,011,263</b>	<b>3,185,160</b>

(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, 2009**

*Exhibit D*  
*Page 2 of 2*

Net change in fund balances - total governmental funds (224,065)

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	391,444
Depreciation expense	(230,612)
	<u>160,832</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	37,006
Deferred Taxes	155,843
	<u>192,849</u>

Bond proceeds provide 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	(86,461)
Capital lease obligation principal payments	91,700
General obligation bond principal payments	156,850
	<u>162,089</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	(6,913)
	<u>(6,913)</u>

Change in net assets of governmental activities 284,792

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

**TOWN OF ROCKPORT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2009**

*Exhibit E*

	<u>Wastewater Enterprise</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Equivalents	331,593
Investments	96,565
Receivables	
User Fees, net	190,675
Due from Other Funds	<u>163,642</u>
<b>Total Current Assets</b>	<u>782,475</u>
<b>Noncurrent Assets:</b>	
Capital Assets, net	<u>5,759,271</u>
<b>Total Noncurrent Assets</b>	<u>5,759,271</u>
<b>Total Assets</b>	<u><u>6,541,746</u></u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	21,520
Accrued Interest Payable	13,922
Deferred Revenue - Other	9,346
Bonds and Notes Payable	<u>195,000</u>
<b>Total Current Liabilities</b>	<u>239,788</u>
<b>Noncurrent Liabilities:</b>	
Bonds and Notes Payable	<u>910,000</u>
<b>Total Noncurrent Liabilities</b>	<u>910,000</u>
<b>Total Liabilities</b>	<u>1,149,788</u>
<b>Net Assets</b>	
Invested in Capital Assets, net of related debt	4,654,271
Restricted for:	
Capital Projects	211,705
Unrestricted	<u>525,982</u>
<b>Total Net Assets</b>	<u>5,391,958</u>
<b>Total Liabilities and Net Assets</b>	<u><u>6,541,746</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, 2009**

*Exhibit F*

	<u>Wastewater Enterprise</u>
<b>Operating Revenues:</b>	
Charges for Services	721,439
Entrance Fees	4,000
Interest/Fees	10,535
	<hr/>
<b>Total Operating Revenues:</b>	735,974
	<hr/>
<b>Operating Expenses:</b>	
Administration	41,567
Contract Operations	155,271
Camden Treatment	110,376
Rockland Treatment	143,377
Samoset Treatment	77,682
Repairs and Maintenance	5,850
Depreciation and Amortization	233,433
	<hr/>
<b>Total Operating Expenses</b>	767,556
	<hr/>
<b>Net Operating Income</b>	(31,582)
	<hr/>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Revenue	3,115
Fair Value Increase (Decrease)	(11,030)
Other Revenues	1,510
Interest Expense	(81,206)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	(87,611)
	<hr/>
<b>Net Income (Loss) before contributions and transfers</b>	(119,193)
	<hr/>
Capital Contributions	96,318
	<hr/>
<b>Change in Net Assets</b>	(22,875)
	<hr/>
<b>Total Net Assets - Beginning</b>	5,414,833
	<hr/>
<b>Total Net Assets - Ending</b>	<b>5,391,958</b>
	<hr/> <hr/>
Change in Net Assets	(22,875)
	<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	(37,006)
	<hr/>
Change in net assets of business-type activities	(59,881)
	<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, 2009**

**Exhibit G**

	<u>Wastewater Enterprise</u>
<b>Cash Flows from Operating Activities;</b>	
Received from Customers	735,974
Payments to Suppliers	(516,498)
Payments to Employees	(17,625)
Other Receipts (Payments)	3,634
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	205,485
	<hr/>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from Other Funds	96,318
	<hr/>
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	96,318
	<hr/>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of Capital Assets	
Principal Paid on Capital Debt	(190,000)
Interest Paid on Capital Debt	(81,206)
	<hr/>
<b>Net Cash Used in Capital and Related Financing Activities</b>	(271,206)
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Redemption of Investments	(3,206)
Interest and Dividends	3,115
	<hr/>
<b>Net Cash Provided by (Used in) Investing Activities</b>	(91)
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	30,506
	<hr/>
<b>Balances - beginning of the year</b>	301,087
	<hr/>
<b>Balances - end of the year</b>	331,593
	<hr/> <hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>	
Net Operating Income (Loss)	(31,582)
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	233,433
(Increase) Decrease in Accounts Receivable	39,299
(Increase) Decrease in Interfund Balance	(37,006)
Increase (Decrease) in Accrued Interest	(1,928)
Increase (Decrease) in Accrued Interest	(3,115)
Increase (Decrease) in Accounts Payable	6,384
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	205,485
	<hr/> <hr/>

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

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, Lincolnton, 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 2009 fiscal year assessment was calculated as follows:

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

The Town of Rockport's cost for June 30, 2009 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, 2009**

**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, 2009**

**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, 2009**

**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, 2009**

**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, \$252,321 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 18, 2008 on property values assessed on April 1. Taxes were due in two installments due on November 10 and May 1, with interest at 9% beginning November 11 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, 2009**

**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, 2009**

**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 \$50,036 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 \$2,381,616 and the bank balance was \$2,462,095. The bank balance is categorized according to credit risk as follows:

Category 1 - Insured by Federal depository or credit union insurance.

Category 2 - Collateralized with securities held by the pledging financial institution's trust Department or agent in the Town's name.

Category 3 - Uninsured and uncollateralized.

	<i>Bank Balance</i>	<i>Category</i>		
		<i>1</i>	<i>2</i>	<i>3</i>
Cash and Equivalents	<u>2,462,095</u>	<u>129,607</u>	<u>2,332,488</u>	<u>-</u>

Included in the Town's cash equivalents at June 30, 2009, 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 this exposure to be minimal.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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	109,400	109,400
Corporate Bonds	44,960	44,960
Common and Preferred Stock	783,200	783,200
	<u>937,560</u>	<u>937,560</u>
Mutual Funds		<u>67,463</u>
Total Investments		<u>1,005,023</u>

**C. Property Taxes**

Property taxes were levied for the fiscal year as follows:

Assessed Value	966,552,400	
Tax Rate (per \$1,000)	<u>11.28</u>	
Commitment		<u>10,902,711</u>
Appropriations		12,608,108
Less:		
State Municipal Revenue Sharing	208,773	
Estimated Revenues	1,413,975	
BETE Reimbursement	11,392	
Homestead Reimbursement	<u>71,257</u>	
		<u>1,705,397</u>
Net Assessment for Commitment		<u>10,902,711</u>

Supplemental taxes totaling \$22,134 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$677,502, which represents tax collection of 93.79% of current year commitment. Unpaid liens at June 30 totaled \$71,390.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 2009 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	7,950	554,858
Special Revenue Funds		
Municipal Revenue Sharing	28,771	
Local Road Assistance	4,903	
Comprehensive Planning Grant	2,719	
Reserves / Special Projects	297,052	
Library Operating		7,950
Other Special Revenues	40,629	
Capital Projects		
Jacobs Quarry Pathway	15,425	
Sand/Salt Shed	1,611	
Public Safety Building	106	
Wastewater Fund	<u>163,642</u>	
Totals	<u><u>562,808</u></u>	<u><u>562,808</u></u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payable are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. \$7,950 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, 2009**

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

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b>Governmental Activities;</b>				
<i>Capital assets not begin depreciated</i>				
Land	2,595,686			2,595,686
 <i>Capital assets being depreciated</i>				
Buildings	2,424,728			2,424,728
Equipment	2,235,958	323,005	(179,060)	2,379,903
Infrastructure	700,466	167,124		867,590
<i>Total capital assets being depreciated</i>	5,361,152	490,129	(179,060)	5,672,221
 <i>Less accumulated depreciation for</i>				
Buildings	531,085	47,145		578,230
Equipment	1,334,214	141,069	(80,375)	1,394,908
Infrastructure	58,058	42,398		100,456
<i>Total accumulated depreciation</i>	1,923,357	230,612	(80,375)	2,073,594
<i>Net capital assets being depreciated</i>	3,437,795	259,517		3,598,627
<b>Governmental Activities Capital Assets, net</b>	<b>6,033,481</b>	<b>259,517</b>		<b>6,194,313</b>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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>
<i>Business-type Activities;</i>				
<i>Capital assets being depreciated</i>				
Sewer System	9,205,205			9,205,205
<i>Total capital assets being depreciated</i>	<u>9,205,205</u>	-		<u>9,205,205</u>
<i>Less accumulated depreciation for</i>				
Sewer System	3,212,501	233,433		3,445,934
<i>Total accumulated depreciation</i>	<u>3,212,501</u>	<u>233,433</u>		<u>3,445,934</u>
<i>Net capital assets being depreciated</i>	<u>5,992,704</u>	<u>(233,433)</u>		<u>5,759,271</u>
<b><i>Business-type Activities Capital Assets, net</i></b>	<u><u>5,992,704</u></u>	<u><u>(233,433)</u></u>		<u><u>5,759,271</u></u>

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

Governmental Activities

General Government	11,477
Public Safety	50,594
Public Works, including general infrastructure assets	143,899
Leisure Time Services	<u>24,642</u>
Total Depreciation Expense - Governmental Activities	<u><u>230,612</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>
2010	82,627
2011	<u>29,617</u>
Total Minimum Lease Payments	112,244
Less: Amount Representing Interest	<u>(4,610)</u>
Present Value of Future Minimum Lease Payments	<u><u>107,634</u></u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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	155,000
1992 Sewer Improvements	11/1/2012	5.90-6.75	530,000
2001 TIF Project Bond	11/1/2020	4.676-5.571	<u>420,000</u>
			<u>1,105,000</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	58,000
2002 Harbor Building	11/1/2011	3.073-4.198	109,800
2006 Salt/Sand Shed	11/1/2016	2.15 - 4.4	<u>300,000</u>
			<u>467,800</u>

Annual debt service requirements to maturity for general and proprietary obligation bonds and notes including interest of \$294,282 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
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	42,431	50,005	92,436
2015-2019	117,422	220,171	337,593
2020-2021		74,023	74,023
Total	<u>525,823</u>	<u>1,341,259</u>	<u>1,867,082</u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 2009:

	<i>General</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2008</i>	624,650	1,295,000	1,919,650
Debt Issued			-
Debt Retired	(156,850)	(190,000)	(346,850)
<i>Long-term Debt payable June 30, 2009</i>	<u>467,800</u>	<u>1,105,000</u>	<u>1,572,800</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, 2009</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
School Administrative District No. 28	3,413,413	48.57%	1,657,895
Five Town CSD	17,238,814	29.17%	5,028,562
MCSWC	196,294	30.83%	60,517
Knox County	440,480	13.39%	58,980
Totals	<u>21,289,001</u>		<u>6,805,954</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	198,184
Library Trust Fund	288,262	259,299
Cemetery Trust Fund	317,649	(7,316)
Totals	<u>656,691</u>	<u>450,167</u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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	4,468,239
Additions	
Debt Service - TIF Fund	96,318
Deductions:	
Depreciation Provided by Contributed Capital	<u>(144,689)</u>
Balance - June 30	<u><u>4,419,868</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, 2009**

**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, 2007, 2008, and 2009, was \$25,431, \$26,816 and \$23,695 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 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, 2009 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, 2009.

**TOWN OF ROCKPORT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit H*

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Taxes	11,669,711	11,669,711	11,474,752	(194,959)
Intergovernmental Revenues	90,949	90,949	153,826	62,877
Departmental Revenues	222,980	222,980	174,874	(48,106)
Other Local Sources	316,487	316,487	166,491	(149,996)
<b>Total Revenues</b>	<b>12,300,127</b>	<b>12,300,127</b>	<b>11,969,943</b>	<b>(330,184)</b>
<b>Expenditures (Net of Departmental Revenues)</b>				
General Government	985,653	987,857	896,556	91,301
Public Safety	896,241	896,241	825,702	70,539
Public Works	1,373,488	1,459,949	1,482,696	(22,747)
Health and Social Services	15,547	15,547	17,028	(1,481)
Leisure Time Services	519,669	519,669	433,888	85,781
Unclassified	181,836	181,836	181,875	(39)
Assessments	8,547,174	8,547,174	8,501,064	46,110
<b>Total Expenditures</b>	<b>12,519,608</b>	<b>12,608,273</b>	<b>12,338,809</b>	<b>269,464</b>
<b>Excess Revenues Over Expenditures</b>	<b>(219,481)</b>	<b>(308,146)</b>	<b>(368,866)</b>	<b>(60,720)</b>
<b>Other Financing Sources</b>				
Lease Proceeds	-	86,461	86,461	
Transfers from Other Funds	307,981	307,981	314,770	(6,789)
Transfers to Other Funds	(88,500)	(88,500)	(102,566)	14,066
<b>Total Other Financing Sources</b>	<b>219,481</b>	<b>305,942</b>	<b>298,665</b>	<b>7,277</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(2,204)</b>	<b>(70,201)</b>	<b>(67,997)</b>
<b>Beginning Fund Balances - Budgetary Basis</b>			<b>1,646,501</b>	
<b>Ending Fund Balances - Budgetary Basis</b>			<b>1,576,300</b>	
<b>Adjustments to Conform to GAAP:</b>				
Elimination of Encumbrances			50,036	
<b>Ending Fund Balances - GAAP Basis</b>			<b>1,626,336</b>	

**TOWN OF ROCKPORT**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit A-1*  
*Page 1 of 2*

	<u>Estimated</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
Taxes			
Property	10,902,711	10,769,006	(133,705)
Tree Growth Penalty	-	1,873	1,873
Auto Excise	715,000	633,902	(81,098)
Boat Excise	12,000	13,301	1,301
Interest/Fees on Taxes/Liens	40,000	56,670	16,670
	<u>11,669,711</u>	<u>11,474,752</u>	<u>(194,959)</u>
Intergovernmental Revenues			
State of Maine			
General Assistance	3,000	5,284	2,284
Homestead Reimbursement	71,257	71,343	86
BETE Reimbursement	11,392	11,434	42
Tree Growth	2,000	2,460	460
Veterans Reimbursement	2,400	3,887	1,487
Gas Tax Refund	300	163	(137)
Snowmobile Reimbursement	600	748	148
Federal			
FEMA	-	58,507	58,507
	<u>90,949</u>	<u>153,826</u>	<u>62,877</u>
Departmental Revenues			
Police			
All Other	5,759	2,206	(3,553)
Animal Control	1,000	2,567	1,567
Fire	-	22	22
Planning			
Building Permits	74,000	39,813	(34,187)
Plumbing Permits	7,500	3,647	(3,853)
Planning Board Fees	12,000	5,456	(6,544)
All Other	1,750	1,569	(181)
Harbor Fees			
Moorings	49,811	41,259	(8,552)
Tie Offs	9,760	9,345	(415)
Winter Boat Storage	5,200	5,864	664
Lease Income	5,000	5,844	844
Schooner Berthing	5,280	4,680	(600)
All Other	12,840	10,526	(2,314)
Public Works			
Cemetery - Sale of Lots	600	1,700	1,100
All Other	5,080	2,959	(2,121)
Town Clerk			
Clerk Fees	12,000	19,348	7,348
Agent Fees	9,000	10,278	1,278
Election Reimbursement Fees	3,000	2,126	(874)
All Other	3,100	1,500	(1,600)
General Assistance		358	358
Parks & Recreation	-	575	575
Administration	300	3,232	2,932
	<u>222,980</u>	<u>174,874</u>	<u>(48,106)</u>

**TOWN OF ROCKPORT  
GENERAL FUND  
STATEMENT OF ESTIMATED AND ACTUAL REVENUES  
FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit A-1  
Page 2 of 2*

	<u>Estimated</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Local Sources			
Interest on Investments	35,000	7,929	(27,071)
Payment in Lieu of Taxes	500	8,800	8,300
Opera House	13,000	20,955	7,955
Cable TV Franchise	23,000	26,100	3,100
PBMC Traffic Light	2,000	1,568	(432)
Old County Road Traffic Light	2,000	2,338	338
WW Reimb. Wage, Benefits, Other	23,392	26,862	3,470
MMA Insurance Dividend	6,000	10,777	4,777
Library Reimbursements	111,595	61,162	(50,433)
TIF Retained Earnings	100,000	-	(100,000)
	<u>316,487</u>	<u>166,491</u>	<u>(149,996)</u>
Other Financing Sources			
Lease Proceeds	86,461	86,461	-
Reserves		6,789	6,789
Municipal Revenue Sharing	208,773	208,773	-
Urban Rural Initiative Program	79,208	79,208	-
Cemetery Trust Funds	20,000	20,000	-
	<u>394,442</u>	<u>401,231</u>	<u>6,789</u>
Total Revenues and Other Financing Sources	12,694,569	<u><u>12,371,174</u></u>	<u><u>(323,395)</u></u>
Beginning Fund Balance Used	<u>2,204</u>		
<b>Total</b>	<u><u>12,696,773</u></u>		

**TOWN OF ROCKPORT**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**JUNE 30, 2009**

*Exhibit A-2*  
*Page 1 of 2*

	<i>Encumbered from 6/30/08</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/10</i>	<i>(Over) Under Budget</i>
General Government					
Administration		28,050	4,914	22,298	838
Town Manager	7,728	238,507	215,502	7,728	23,005
Town Clerk	15,400	169,602	151,365	14,400	19,237
Planning and Community Development		205,139	199,083		6,056
Finance Department		102,452	88,289		14,163
Assessing		113,888	105,677	1,650	6,561
Town Office Building	5,843	73,185	71,391	3,960	3,677
Insurances		57,034	39,270		17,764
	<u>28,971</u>	<u>987,857</u>	<u>875,491</u>	<u>50,036</u>	<u>91,301</u>
Public Safety					
Police Department		464,018	419,533		44,485
Fire Department		274,436	259,275		15,161
Animal Control		10,071	7,910		2,161
Emergency Management		1,920	1,617		303
Street Lights		54,000	50,976		3,024
Traffic Lights		5,950	5,733		217
Public Safety Building		21,149	15,962		5,187
County Dispatch and E-911		64,697	64,696		1
	<u>-</u>	<u>896,241</u>	<u>825,702</u>	<u>-</u>	<u>70,539</u>
Public Works					
Public Works Department	7,410	1,218,438	1,251,863		(26,015)
Sanitation		195,912	195,712		200
Cemeteries		45,599	42,531		3,068
	<u>7,410</u>	<u>1,459,949</u>	<u>1,490,106</u>	<u>-</u>	<u>(22,747)</u>

**TOWN OF ROCKPORT  
GENERAL FUND  
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit A-2  
Page 2 of 2*

	<u>Encumbered from 6/30/08</u>	<u>Appropriations</u>	<u>Expenditures Net of Refund</u>	<u>Encumbered to 6/30/10</u>	<u>(Over) Under Budget</u>
Health and Social Services					
General Assistance		15,547	17,028		(1,481)
	-	15,547	17,028	-	(1,481)
Leisure Time Services					
Recreation and Parks		59,311	49,424		9,887
Library		288,232	234,234		53,998
Opera House		64,793	61,785		3,008
Harbor Operations	120	107,333	88,565		18,888
	120	519,669	434,008	-	85,781
Unclassified					
Debt Service		181,836	181,824		12
Pascal Avenue Construction Project		-	51		(51)
	-	181,836	181,875	-	(39)
Assessments					
MSAD #28		5,025,313	5,025,313		-
Knox County		873,728	873,728		-
CSD School Assessment		2,495,187	2,494,974		213
Tax Increment Financing		96,318	96,318		-
Tax Billing		4,600	4,587		13
Overlay		52,028	6,144		45,884
	-	8,547,174	8,501,064	-	46,110
Operating Transfers Out					
Reserves		88,500	88,500		-
SHIP Grant			14,066		(14,066)
	-	88,500	102,566	-	(14,066)
<b>Totals</b>	<b>36,501</b>	<b>12,696,773</b>	<b>12,427,840</b>	<b>50,036</b>	<b>255,398</b>

**TOWN OF ROCKPORT**

*Exhibit A-3*

**GENERAL FUND**

**STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

Unreserved - Undesignated Fund Balance, July 1	1,646,501	
Unreserved - Undesignated Fund Balance, June 30	<u>1,576,300</u>	
<b>Increase (Decrease)</b>		<b><u><u>(70,201)</u></u></b>

*Analysis of Change*

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	(323,395)	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>255,398</u>	
		(67,997)
Deductions		
Fund Balance Used to Fund Appropriations		<u>(2,204)</u>
<b>Increase (Decrease)</b>		<b><u><u>(70,201)</u></u></b>

*TOWN OF ROCKPORT  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2009*

*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>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		23,989					6,734	30,723
Investments							37,977	37,977
Due from Other Funds	28,771		4,903	2,719		297,052	40,629	374,074
<b>Total Assets</b>	<b>28,771</b>	<b>23,989</b>	<b>4,903</b>	<b>2,719</b>	<b>-</b>	<b>297,052</b>	<b>85,340</b>	<b>442,774</b>
 <i>Liabilities &amp; Fund Balances</i>								
Liabilities								
Due to Other Funds		7,950						7,950
Total Liabilities	-	7,950	-	-	-	-	-	7,950
 <i>Fund Balances</i>								
Fund Balances								
Unreserved								
Designated for Subsequent Years' Expenditures		16,039	4,903	2,719		297,052		320,713
Undesignated	28,771						85,340	114,111
Total Fund Balances	28,771	16,039	4,903	2,719	-	297,052	85,340	434,824
<b>Total Liabilities &amp; Fund Balances</b>	<b>28,771</b>	<b>23,989</b>	<b>4,903</b>	<b>2,719</b>	<b>-</b>	<b>297,052</b>	<b>85,340</b>	<b>442,774</b>

**TOWN OF ROCKPORT  
OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

*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>Miscellaneous Donations</i>	<i>Rohrbough Fund</i>	<i>Boyd Fund</i>	<i>Total</i>
Cash and Equivalents							4,701	2,033	6,734
Investments							26,511	11,466	37,977
Due From Other Funds	1,478	6,704	2,733	14,134	12,580	3,000			40,629
<b>Total Assets</b>	<b>1,478</b>	<b>6,704</b>	<b>2,733</b>	<b>14,134</b>	<b>12,580</b>	<b>3,000</b>	<b>31,212</b>	<b>13,499</b>	<b>85,340</b>
<b><i>Liabilities &amp; Fund Balances</i></b>									
Liabilities									
Due to Other Funds									-
Total Liabilities	-	-	-	-	-	-	-	-	-
<b><i>Fund Balances</i></b>									
Fund Balances									
Unreserved									
Designated for Subsequent Years' Expenditures									
Undesignated	1,478	6,704	2,733	14,134	12,580	3,000	31,212	13,499	85,340
<b>Total Fund Balances</b>	<b>1,478</b>	<b>6,704</b>	<b>2,733</b>	<b>14,134</b>	<b>12,580</b>	<b>3,000</b>	<b>31,212</b>	<b>13,499</b>	<b>85,340</b>

**TOWN OF ROCKPORT**  
**ALL SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit B-3*

	<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	225,427		59,152				20,000	304,579
Local Sources		33,716				8,732	(4,431)	38,017
Total Revenues	<u>225,427</u>	<u>33,716</u>	<u>59,152</u>	<u>-</u>	<u>-</u>	<u>8,732</u>	<u>15,569</u>	<u>342,596</u>
Expenditures								
General Government						8,029	-	8,029
Public Safety							-	-
Public Works						5,249	10,310	15,559
Health & Social Services							1,554	1,554
Harbor					3,663	4,330	29,566	37,559
Leisure Time Services						8,428		8,428
Library Operations		60,528					391	60,919
Total Expenditures	<u>-</u>	<u>60,528</u>	<u>-</u>	<u>-</u>	<u>3,663</u>	<u>26,036</u>	<u>41,821</u>	<u>132,048</u>
Excess of Revenues Over (Under) Expenditures	<u>225,427</u>	<u>(26,812)</u>	<u>59,152</u>	<u>-</u>	<u>(3,663)</u>	<u>(17,304)</u>	<u>(26,252)</u>	<u>210,548</u>
Other Financing Sources (Uses)								
Transfers from Other Funds		32,040				88,500	19,566	140,106
Transfers to Other Funds	(208,773)		(79,208)		(5,500)	(6,789)	(2,160)	(302,430)
Total Other Financing Sources (Uses)	<u>(208,773)</u>	<u>32,040</u>	<u>(79,208)</u>	<u>-</u>	<u>(5,500)</u>	<u>81,711</u>	<u>17,406</u>	<u>(162,324)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>16,654</u>	<u>5,228</u>	<u>(20,056)</u>	<u>-</u>	<u>(9,163)</u>	<u>64,407</u>	<u>(8,846)</u>	<u>48,224</u>
Fund Balance - July 1	<u>12,117</u>	<u>10,811</u>	<u>24,959</u>	<u>2,719</u>	<u>9,163</u>	<u>232,645</u>	<u>94,186</u>	<u>386,600</u>
<b>Fund Balance - June 30</b>	<u><b>28,771</b></u>	<u><b>16,039</b></u>	<u><b>4,903</b></u>	<u><b>2,719</b></u>	<u><b>-</b></u>	<u><b>297,052</b></u>	<u><b>85,340</b></u>	<u><b>434,824</b></u>

**TOWN OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**OTHER SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit B-4*

	<u>Septic Grant</u>	<u>Opera House Donations</u>	<u>Rockport Harbor Land Acquisition</u>	<u>Rotary Club of West Bay</u>	<u>Walker Park Playground</u>	<u>Police Department</u>	<u>Miscellaneous Donations</u>	<u>SHIP Grant</u>	<u>Rohrbough Fund</u>	<u>Boyd Fund</u>	<u>Total</u>
Revenues											
Intergovernmental	10,000							10,000			20,000
Donations				1,000			3,000				4,000
Local Sources	310	13	31	25					(6,138)	(2,672)	(8,431)
<b>Total Revenues</b>	<b>10,310</b>	<b>13</b>	<b>31</b>	<b>1,025</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>10,000</b>	<b>(6,138)</b>	<b>(2,672)</b>	<b>15,569</b>
Expenditures											
Construction	9,850										9,850
Repairs & Maintenance								25,251			25,251
General Assistance				1,554							1,554
Professional Services	250							4,140	272	119	4,781
Other	210							175			385
<b>Total Expenditures</b>	<b>10,310</b>	<b>-</b>	<b>-</b>	<b>1,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,566</b>	<b>272</b>	<b>119</b>	<b>41,821</b>
Excess of Revenues Over (Under) Expenditures	-	13	31	(529)	-	-	3,000	(19,566)	(6,410)	(2,791)	(26,252)
Other Financing Sources (Uses)											
Transfers from Other Funds								19,566			19,566
Transfers to Other Funds									(1,440)	(720)	(2,160)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,566</b>	<b>(1,440)</b>	<b>(720)</b>	<b>17,406</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	13	31	(529)	-	-	3,000	-	(7,850)	(3,511)	(8,846)
Fund Balance - July 1		1,465	6,673	3,262	14,134	12,580	-	-	39,062	17,010	94,186
<b>Fund Balance - June 30</b>	<b>-</b>	<b>1,478</b>	<b>6,704</b>	<b>2,733</b>	<b>14,134</b>	<b>12,580</b>	<b>3,000</b>	<b>-</b>	<b>31,212</b>	<b>13,499</b>	<b>85,340</b>

**TOWN OF ROCKPORT  
RESERVES/SPECIAL PROJECTS  
SCHEDULE OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2009**

*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>
Computer Reserve	-	35	4,000		4,035
Police Department Equipment	15,706	5,559	(3,789)		17,476
Recreation	56,000	528	4,000		60,528
Fire Equipment	74,827	1,100	50,000		125,927
Opera House Building	11,154	125	5,000	(8,427)	7,852
Cramer Locomotive	3,257	29			3,286
Public Works	10,000	159	8,000		18,159
Conservation	6,381	168		(5,250)	1,299
Video Equipment	1,684	15			1,699
Marine Park	4,312	18		(4,330)	-
Harbor Float	-	518	1,500		2,018
Harbor Boat Reserve	2,601	35	1,400		4,036
Harbor Boat Engine	-	14	1,600		1,614
Labor/Accrued Benefits	46,723	429	10,000	(8,029)	49,123
<b>Totals</b>	<b>232,645</b>	<b>8,732</b>	<b>81,711</b>	<b>(26,036)</b>	<b>297,052</b>

**TOWN OF ROCKPORT  
ALL CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

*Exhibit C-1*

<i>Assets</i>	<i>Sand/ Salt Shed</i>	<i>Jacobs Quarry Pathway</i>	<i>Public Safety Building</i>	<i>Totals</i>
Due from Other Funds	1,611	15,425	106	17,142
<b>Total Assets</b>	<b>1,611</b>	<b>15,425</b>	<b>106</b>	<b>17,142</b>
 <i>Liabilities &amp; Fund Balances</i>				
Liabilities				
Retainage Payable				-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances				
Unreserved				
Designated for Subsequent Years' Expenditures	1,611	15,425	106	17,142
<b>Total Fund Balances</b>	<b>1,611</b>	<b>15,425</b>	<b>106</b>	<b>17,142</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>1,611</b>	<b>15,425</b>	<b>106</b>	<b>17,142</b>

**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, 2009**

	<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					-
Total Revenues	-	-	-	-	-
Expenditures					
Construction		4,900			4,900
Paving	4,336				4,336
Other		339			339
Total Expenditures	4,336	5,239	-	-	9,575
Excess of Revenues Over (Under) Expenditures	(4,336)	(5,239)	-	-	(9,575)
Other Financing Sources (Uses)					
Transfers from Other Funds					-
Transfers to Other Funds					-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(4,336)	(5,239)	-	-	(9,575)
Fund Balance - July 1	5,947	5,239	15,425	106	26,717
<b>Fund Balance - June 30</b>	<b>1,611</b>	<b>-</b>	<b>15,425</b>	<b>106</b>	<b>17,142</b>

**TOWN OF ROCKPORT  
 COMBINING BALANCE SHEET  
 ALL PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009**

*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	89,121	64,791	82,464	236,376
Investments	<u>221,212</u>	<u>184,173</u>	<u>465,097</u>	<u>870,482</u>
<b>Total Assets</b>	<u><u>310,333</u></u>	<u><u>248,964</u></u>	<u><u>547,561</u></u>	<u><u>1,106,858</u></u>
Fund Balances				
Reserved for Endowments	317,649	50,780	288,262	656,691
Unreserved	<u>(7,316)</u>	<u>198,184</u>	<u>259,299</u>	<u>450,167</u>
<b>Total Fund Balances</b>	<u><u>310,333</u></u>	<u><u>248,964</u></u>	<u><u>547,561</u></u>	<u><u>1,106,858</u></u>

**TOWN OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit D-2*

	<u>Cemetery</u>	<u>Welfare</u>	<u>Library</u>	<u>Total</u>
Revenues				
Local Sources	7,300			7,300
Investment Income	14,163	11,205	12,092	37,460
Change in Fair Value	<u>(43,237)</u>	<u>(32,241)</u>	<u>(120,633)</u>	<u>(196,111)</u>
	<u>(21,774)</u>	<u>(21,036)</u>	<u>(108,541)</u>	<u>(151,351)</u>
Expenditures				
Professional Services			4,817	4,817
Cemetery				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>4,817</u>	<u>4,817</u>
Excess of Revenues Over (Under) Expenditures	<u>(21,774)</u>	<u>(21,036)</u>	<u>(113,358)</u>	<u>(156,168)</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	(41,774)	(21,036)	(143,238)	(206,048)
Fund Balance - July 1	<u>352,107</u>	<u>270,000</u>	<u>690,799</u>	<u>1,312,906</u>
<b>Fund Balance - June 30</b>	<b><u>310,333</u></b>	<b><u>248,964</u></b>	<b><u>547,561</u></b>	<b><u>1,106,858</u></b>

**TOWN OF ROCKPORT  
 COMBINING BALANCE SHEET  
 ALL LIBRARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit D-3*

<i>Assets</i>	<u><i>Chatfield Fund</i></u>	<u><i>Rockport Library</i></u>	<u><i>Dodge Fund</i></u>	<u><i>Gardner Fund</i></u>	<u><i>Total</i></u>
Cash and Equivalents	1,469	76,862	935	3,198	82,464
Investments	<u>8,288</u>	<u>433,500</u>	<u>5,272</u>	<u>18,037</u>	<u>465,097</u>
<b>Total Assets</b>	<u><u>9,757</u></u>	<u><u>510,362</u></u>	<u><u>6,207</u></u>	<u><u>21,235</u></u>	<u><u>547,561</u></u>
 <i>Fund Balances</i>					
Fund Balances					
Reserved for Endowments	10,076	245,969	9,280	22,937	288,262
Unreserved	<u>(319)</u>	<u>264,393</u>	<u>(3,073)</u>	<u>(1,702)</u>	<u>259,299</u>
<b>Total Fund Balances</b>	<u><u>9,757</u></u>	<u><u>510,362</u></u>	<u><u>6,207</u></u>	<u><u>21,235</u></u>	<u><u>547,561</u></u>

**TOWN OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**LIBRARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*Exhibit D-4*

	<i>Chatfield Fund</i>	<i>Rockport Library</i>	<i>Dodge Fund</i>	<i>Gardner Fund</i>	<i>Total</i>
Revenues					
Local Sources					
Investment Income	214	11,278	136	464	12,092
Change in Fair Value	(2,139)	(112,511)	(1,359)	(4,624)	(120,633)
	<u>(1,925)</u>	<u>(101,233)</u>	<u>(1,223)</u>	<u>(4,160)</u>	<u>(108,541)</u>
Expenditures					
Professional Services	85	4,493	54	185	4,817
Total Expenditures	<u>85</u>	<u>4,493</u>	<u>54</u>	<u>185</u>	<u>4,817</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,010)</u>	<u>(105,726)</u>	<u>(1,277)</u>	<u>(4,345)</u>	<u>(113,358)</u>
Other Financing Sources (Uses)					
Transfers from Other Funds					-
Transfers to Other Funds	(480)	(28,200)	(300)	(900)	(29,880)
Total Other Financing Sources (Uses)	<u>(480)</u>	<u>(28,200)</u>	<u>(300)</u>	<u>(900)</u>	<u>(29,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(2,490)</u>	<u>(133,926)</u>	<u>(1,577)</u>	<u>(5,245)</u>	<u>(143,238)</u>
Fund Balance - July 1	<u>12,247</u>	<u>644,288</u>	<u>7,784</u>	<u>26,480</u>	<u>690,799</u>
<b>Fund Balance - June 30</b>	<u><b>9,757</b></u>	<u><b>510,362</b></u>	<u><b>6,207</b></u>	<u><b>21,235</b></u>	<u><b>547,561</b></u>